

EDMONDS CITY COUNCIL APPROVED MINUTES

September 6, 2011

The Edmonds City Council meeting was called to order at 6:00 p.m. by Mayor Cooper in the Council Chambers, 250 5th Avenue North, Edmonds. The meeting was opened with the flag salute.

ELECTED OFFICIALS PRESENT

Mike Cooper, Mayor
Strom Peterson, Council President
Steve Bernheim, Councilmember
D. J. Wilson, Councilmember
Michael Plunkett, Councilmember
Lora Petso, Councilmember
Adrienne Fraley-Monillas, Councilmember
Diane Buckshnis, Councilmember

ALSO PRESENT

Alex Springer, Student Representative

STAFF PRESENT

Al Compaan, Police Chief
Stephen Clifton, Community Services/Economic Development Director
Phil Williams, Public Works Director
Carrie Hite, Parks & Recreation Director
Jim Tarte, Interim Finance Director
Carl Nelson, CIO
Leonard Yarberry, Building Official
Debi Humann, Human Resources Director
Rob English, City Engineer
Joan Ferebee, Court Administrator
Jeff Taraday, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. CONVENE IN EXECUTIVE SESSION REGARDING POTENTIAL LITIGATION

At 6:02 p.m., Mayor Cooper announced that the City Council would convene in executive session regarding potential litigation. He stated that the executive session was scheduled to last approximately 60 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. Elected officials present at the executive session were: Mayor Cooper, and Councilmembers Bernheim, Plunkett, Fraley-Monillas, Buckshnis, Peterson, Petso and Wilson. Others present were City Attorney Jeff Taraday, Parks & Recreation Director Carrie Hite, Public Works Director Phil Williams, City Engineer Rob English, and City Clerk Sandy Chase. The executive session concluded at 6:56 p.m.

Mayor Cooper reconvened the regular City Council meeting at 7:05 p.m.

2. INTERVIEW FINANCE DIRECTOR CANDIDATE

The City Council interviewed Finance Director Candidate Shawn Hunstock.

3. APPROVE BALANCE OF AGENDA

Councilmember Wilson requested the addition of an item to the agenda: "Continued Discussion and Potential Action regarding Haines Wharf" as Agenda Item 6A.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER BERNHEIM, TO APPROVE THE AGENDA AS AMENDED. MOTION CARRIED UNANIMOUSLY. (Councilmember Plunkett was not present for the vote.)

4. APPROVE CONSENT AGENDA ITEMS

Councilmember Buckshnis requested Item E be removed from the Consent Agenda.

COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER WILSON, TO APPROVE THE REMAINDER OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. (Councilmember Plunkett was not present for the vote.) The agenda items approved are as follows:

- A. ROLL CALL**
- B. APPROVE CITY COUNCIL MEETING MINUTES OF AUGUST 23, 2011.**
- C. APPROVE CLAIM CHECKS #127360 THROUGH #127486 DATED AUGUST 25, 2011 FOR \$1,037,625.83, AND CLAIM CHECKS #127487 THROUGH #127564 DATED SEPTEMBER 1, 2011 FOR \$249,352.02. APPROVAL OF PAYROLL DIRECT DEPOSIT AND CHECKS #50760 THROUGH #50813 FOR THE PERIOD AUGUST 16, 2011 THROUGH AUGUST 31, 2011 IN THE AMOUNT OF \$655,635.70.**
- D. ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES SUBMITTED BY JUDITH LEMLEY FOR TATIANA LEMLEY (AMOUNT UNDETERMINED).**

ITEM E: OLD MILLTOWN COURTYARD FUNDING AUTHORIZATION.

Councilmember Buckshnis advised she is a member of the Edmonds Floretum Garden Club and contributed to their fundraising effort for the Old Milltown courtyard. She encouraged Councilmembers to approve this item, noting it has been a labor of love for the Edmonds Floretum Garden Club. Councilmember Buckshnis envisioned the courtyard would enhance economic development.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER BERNHEIM, TO APPROVE ITEM E.

Councilmember Wilson advised he was absent when funding for the Old Milltown courtyard was discussed previously. After watching the Council meeting and learning the City did not have the funds available and was awaiting a grant, he concurred with the comments made by Council President Peterson at that meeting.

MOTION CARRIED (4-2); COUNCIL PRESIDENT PETERSON AND COUNCILMEMBER WILSON VOTING NO. (Councilmember Plunkett was not present for the vote.)

6. PROCLAMATION IN RECOGNITION OF SEPTEMBER 11, 2011 - PATRIOT DAY AND NATIONAL DAY OF SERVICE AND REMEMBRANCE.

Mayor Cooper explained Sunday, September 11, 2011 is the 10th anniversary of the cowardly terrorist acts on the United States in New York, Pennsylvania and Washington D.C. He read a proclamation declaring September 11, 2011 Patriot Day and National Day of Service and Remembrance in Edmonds, calling on the people of Edmonds to participate in community service in honor of those the nation lost, to observe the day with appropriate ceremonies and activities and to observe a moment of silence beginning at 8:46 a.m. Eastern Daylight Time to honor the innocent victims who perished as a result of the terrorist attacks on September 11, 2001. He further proclaimed that all City buildings display the U.S. flag at half-staff in honor of the individuals who lost their lives on September 11, 2001.

5. INTRODUCTION OF NEW STUDENT REPRESENTATIVE ALEX SPRINGER FROM EDMONDS-WOODWAY HIGH SCHOOL

Council President Peterson introduced Student Representative Alex Springer and briefly described his educational background. Council President Peterson welcomed him to the City Council and looked forward to his active participation.

Student Representative Springer commented he was excited to represent Edmonds-Woodway and the youth of Edmonds and looked forward to sharing his thoughts and opinions.

6A. CONTINUED DISCUSSION AND POTENTIAL ACTION REGARDING HAINES WHARF.

At 7:42 p.m., Mayor Cooper announced that the City Council would convene in executive session regarding potential litigation. He stated that the executive session was scheduled to last approximately 30 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. Action may occur as a result of convening in executive session. Elected officials present at the executive session were: Mayor Cooper, and Councilmembers Bernheim, Plunkett, Fraley-Monillas, Buckshnis, Peterson, Petso and Wilson. Others present were City Attorney Jeff Taraday, and City Clerk Sandy Chase. The executive session concluded at 8:14 p.m.

Mayor Cooper reconvened the regular City Council meeting at 8:16 p.m.

COUNCILMEMBER BERNHEIM MOVED, SECONDED BY COUNCILMEMBER WILSON, THAT THE COUNCIL AUTHORIZE THE MAYOR AND A REPRESENTATIVE FROM THE CITY COUNCIL TO WORK TOGETHER OVER THE NEXT COUPLE OF WEEKS OR A MONTH TO RECOMMEND A PROCESS TO SELECT AN OUTSIDE AND INDEPENDENT INVESTIGATOR WHO WILL EVALUATE AND REPORT BACK TO THE CITY COUNCIL WHETHER ANY CIVIL OR CRIMINAL LAWS OR CITY POLICIES WERE BROKEN BY ELECTED OFFICIALS OR DEPARTMENT DIRECTORS IN CONNECTION WITH FINANCIAL REPORTING TO THE CITY COUNCIL AND THE PEOPLE OF EDMONDS AND THE CHANGE ORDERS AND FINANCIAL DETAILS OF THE HAINES WHARF PROJECT AND TO DETERMINE WHETHER, IF SO, THERE ARE ANY CLAIMS FOR RELIEF AGAINST ANY WRONGDOERS.

Councilmember Bernheim clarified he was asking that the Mayor and Council representative consult and return to the Council with a proposed process for selecting a person who, once selected, can perform an investigation.

Council President Peterson voiced his opposition to the motion, finding it moved the Council backward on issues, looking for blame. It was appropriate to discuss whether the matter was handled appropriately but looking toward criminal investigations was not the correct way to move the City forward. The Finance Committee will be discussing a change order policy at their meeting next week and there are discussions occurring regarding the establishment of an Ethics Board. He clarified his vote against the motion was not closing his eyes and stating everything is fine; he acknowledged mistakes were made but he preferred to move forward in a manner that prevented similar mistakes in the future. He pointed out any time elected officials are involved, it is political regardless of whether that is the intent. He summarized now is not the time to point fingers backward but to move forward in a positive manner.

Councilmember Wilson commented he had learned two things about this matter over the last 1½ years, 1) the City would not be at this point without high integrity staff members like Mr. Tarte, Mr. Williams and Ms. Hite, who provide invaluable sincerity and honesty, and 2) there has been an organized and methodical effort to intentionally mislead the City Council. Whether that was illegal or unethical was not for him to decide; this process will simply ask an independent person to make that decision.

Councilmember Fraley-Monillas expressed her support for the motion with the intent of moving forward. A part of the problem is the Council does not have all the facts. This is a politically difficult time of year; the only way to determine what happened and to ensure it did not happen again was to determine the facts. She assured her intent was to ensure this did not happen again, that there were checks and balances in place to prevent it. To do that, the Council must determine what went wrong with the process.

Councilmember Buckshnis commented no money was being spent yet, it was simply Councilmember Bernheim and Mayor Cooper and Mr. Taraday determining a process. She has made inquiries to staff regarding this issue for over 1½ years and sent over 200 emails to former Finance Director Lorenzo Hines that were not answered. She supported identifying an independent person to determine what really happened.

MOTION CARRIED (6-1), COUNCIL PRESIDENT PETERSON VOTING NO.

7. AUDIENCE COMMENTS

Al Rutledge, Edmonds, recalled 10 years ago the Council voted to demolish the log cabin; private fundraising later raised money to restore the cabin. He invited anyone interested in the log cabin to attend a meeting at the Frances Anderson Center on September 14 at 3:30 p.m. He urged the Council to include funds for maintenance of the log cabin in the budget. He provided written information to the City Clerk.

Rebecca Wolfe, Edmonds, representing the Communications Subcommittee of the Citizens Economic Development Commission (EDC), explained the EDC was created in 2009 for the purpose of increasing revenue for the City in ways that would enhance the wellbeing of Edmonds economically, socially, culturally and environmentally. The subcommittee was formed to improve communication with the City Council and the public. Members of the subcommittee include Bea O'Rourke, Stacy Gardea, Rich Senderoff, Darrol Haug, Marianne Zagorski (Chair). She welcomed Councilmembers to contact them regarding the EDC's activities. Their communication efforts will include a regular column in the Edmonds Beacon, information on My Edmonds News and Edmonds Patch, and a monthly report to the City Council. Recent EDC activities include working with staff on new ideas for raising revenue, an update regarding new fiber customers and the update of the City's website, discussions with the sports marketing representative of the Snohomish County Tourism Bureau and discussions regarding extending the term of the EDC. She commented on the upcoming Strategic Plan retreat with the City Council, Planning Board and EDC on September 14, 6:30 – 8:30 p.m. in Council Chambers. New initiatives the EDC may consider include transit oriented development (TOD) nodes around the two Swift stations on Highway 99, developing a Master Plan for the old Safeway property and TOD around the Edmonds Transit Center. Further details are contained in the EDC minutes that are available on the City's website.

Roger Hertrich, Edmonds, reviewed the voucher list and learned the City spent over \$800 for water at the Bracketts Landing restroom, and paid \$220 for portable restrooms rental at the City's smallest park, Haines Wharf. He summarized the voucher list was a great way to learn how the City spent its money. Next, he referred to the cost overruns at Haines Wharf and facts that were hidden by the previous Mayor. He agreed with Councilmember Wilson's comments, considering it a cover-up. He pointed out many of the people involved, then-Mayor Haakenson, then-Parks & Recreation Director Brian McIntosh and then-Public Works Director Noel Miller, have all left the City. He recognized Councilmembers Buckshnis and Petso and the Interim Finance Director for bringing clarity to the City's finances. He applauded the Council's efforts to investigate the Haines Wharf issue.

(Council President Peterson left the meeting at 8:35 p.m.)

8. 2012 BUDGET WORKSHOP

Mayor Cooper advised the PowerPoint presentation displayed this evening will be posted on the City's website tomorrow. He urged the Council to focus their discussion on the gap between expenditures and revenues and not how the ending cash balance is calculated. The gap is approximately 2% of the General Fund; therefore, he asked staff to illustrate what a 2% cut in their 2012 projected expenditures would look like and the impacts the cuts would have on their ability to provide services. He cautioned the numbers are very preliminary; there are no recommendations from staff or the Mayor to make any of the illustrated

reductions. Following staff's presentations, he invited the Council to provide feedback on ways to close the \$600,000-\$700,000 (2% of the General Fund) gap between revenues and expenditures. He clarified the gap is without a levy because it is unknown whether the voters will pass a levy.

Interim Finance Director Jim Tarte displayed a graph of General Fund revenue, historical and projected, for 2003-2016. He highlighted several years including a drop in 2008 when the recession hit, increase in 2009 due to utility tax rate increases, increase in 2010 due to the sale of the Fire Department, and drop in 2011 due to continued recession. He advised 2011 actual revenues are approximately tracking with projections.

Councilmember Wilson asked whether the 2009 increase was due to other one-time dollars such as grants or stimulus funds the City received. Mr. Tarte clarified the increase in 2009 was also due to the increase in the EMS levy rate from \$0.32 to \$0.50. He explained the 2009 revenue included revenue from the increased EMS levy rate, the utility tax increase, \$800,000 in EMS transport fees, \$500,000 from the Esperance fire contract, and a \$500,000 decrease in sales tax collections. The 2010 revenue includes the sale of the Fire Department and \$500,000 in TBD vehicle fees. Mr. Clifton advised the stimulus funds are not shown as revenue.

Councilmember Wilson asked why revenue had decreased so much in 2011. Mr. Tarte explained revenue was lower in 2011 compared to 2010 because of onetime revenue in 2010 from the sale of the Fire Department. There is also a \$600,000 decrease in TBD vehicle fees that is now placed directly in the Street Fund. Mayor Cooper pointed out decreased property values also resulted in a lower collection of the EMS levy.

Mr. Tarte displayed a graph of General Fund expenditures, historical and projected, for 2003-2016. He explained expenditures began to level off in 2008, decreased in 2009, increased in 2010 due to the transfer of the sale of fire equipment out of the General Fund, and decreased in 2011 which tracks with budgeted expenditures. Expenditures are forecast to increase 1-2½% in 2013-2016. Looking beyond 2012, the gap continues to widen; the gap over the next 3 years is approximately \$3 million, the reason for the proposed \$1 million/year levy for 3 years. The gap in future years cannot be addressed by simply cutting a FTE here or there but will require significant service reductions, a reduction in force of 20-25%. The 1% increase in property taxes that cities are allowed is beginning to catch up.

Mayor Cooper commented much of the decrease in expenditures in 2009 and 2010 is the result of 9 furlough days taken by approximately 2/3rds of the City's workforce, saving the City about \$500,000. He commended the staff and Council for trimming done in the 2011 budget to reduce the gap between revenues and expenditures. He compared trimming the budget to carving a Thanksgiving turkey, after carving and carving, there is soon nothing left except the carcass. The City is to the point in 2012 where meat is being picked off the carcass and service reductions will result if there is no change in course.

Mayor Cooper referred to comments that expenditure growth is due to pay increases given to City employees, explaining two of the City's unions settled for a COLA, which is not a pay increase, of 1.5%. Cost of living increased 3.2% or 3.7%. Only half the unions have contracts settled for 2012; there are still a large number of union employees who do not have a contract for 2012 and those settlements are unknown. He highlighted other significant expenditures, noting healthcare costs will decrease in 2012:

- \$300,000 - Edmonds Center for the Arts debt
- \$150,000 - State Legislature increase in the City's and employee's contribution to the pension system
- \$200,000 - increase in FD1 contract due to 3.7% COLA firefighters received in collective bargaining agreement effective January 1, 2012

Councilmember Buckshnis suggested comparing past projections for the past few years to actuals to assess the accuracy of the projections. Mr. Tarte responded that analysis would be difficult because so many projections have been done.

Councilmember Buckshnis asked whether the revenue graph included the 1% increase in property taxes. Mr. Tarte answered it did along with a moderate amount for new construction. Mayor Cooper advised it also includes the reduction in EMS levy collections due to decreased assessed values.

Parks, Recreation and Cultural Services

Parks & Recreation Director Carrie Hite relayed the Mayor's request to identify a 2% reduction in the budget. Her personal goal was to identify a 2% reduction without cutting service levels.

- Projected 2012 Expenditures: \$3,521,054
- 2% Reduction: \$ 70,421

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Prof. Services Rec & Fitness (renegotiating instructor contracts to increase City share of fitness class revenue, currently ranges from a 50/50 to 80/20 split)	\$310,414		(\$35,900)
Fitness Salaries/Benefits	\$ 23,516		(\$ 4,516)
Program Fees Revenue (15% increase in non-resident class fee)		\$730,000	\$45,000
Total Budget Reduction/Increase Revenue			\$85,416 (2.43%)

Councilmember Wilson expressed concern with the "hit" to contract instructors, a disproportionate amount to those with the weakest voice. Because the same was expected from contract employees and City employees, he did not want to take more from contract employees than was taken from City employees. Although a creative way to save money, he feared it would undermine services, many of which are offered to children and seniors.

Councilmember Fraley-Monillas disagreed with Councilmember Wilson, pointing out contract employees do not pay for the same things as employees such as retirement, medical, etc. She did not want programs affected but supported making cuts to contract employees before cuts are made to City employees.

Councilmember Buckshnis asked why the contract split was inconsistent. Ms. Hite answered it is a market demand issue. The City often uses the same instructors that other cities use and if the City wants that program, they pay the price the instructor charges. If it is a high demand, trendy program, it is often an 80/20 contractor/City split which does not pay for the cost incurred for putting on the program. Councilmember Buckshnis asked whether a cost/benefit analysis had been done on those programs, suggesting if the City lost money, it may be preferable not to offer that program or offer it using a less costly instructor. Ms. Hite commented some of those programs have waiting lists and are beneficial to citizens regardless of the cost. That is the reason staff is reconsidering the percentage split. Staff has communicated with surrounding jurisdictions and are all considering the percentage split. She commented contract staff may earn ten times what hourly staff earns.

Councilmember Fraley-Monillas asked how often contracts are renewed. Ms. Hite answered they are renewed quarterly. Mr. Tarte asked about direct costs the City incurs with an 80/20 split and whether the

City actually lost money. Ms. Hite clarified the City makes money on programs with an 80/20 split with regard to direct costs; if overhead is included, the City loses money. Mr. Tarte pointed out the City incurs the overhead regardless of whether the program occurs. The City makes money with programs that have an 80/20 split. Ms. Hite pointed out the City would make more money if the split were less.

Police Department

Police Chief Al Compaan provided a comparison of budgeted officers vs. population (as of April 2011):

• Lynnwood	80/35,860	2.23
• Lakewood	102/58,190	1.75
• Bothell	58/33,720	1.72
• Puyallup	57/37,240	1.53
• Redmond	84/55,150	1.52
• Mountlake Terrace	30/19,990	1.50
• Edmonds	55/39,800	1.38
• Des Moines	37/29,680	1.25
• Kirkland	99/84,620	1.17

Median of 1.52 = 60 commissioned officers for Edmonds

Chief Compaan provided a comparison of police staffing 2000-2011:

• 2009-2011	66
• 2007-2008	75
• 2006	76
• 2005	79
• 2003-2004	78
• 2000-2002	85

Chief Compaan reviewed the Police Department budget and a 2% reduction:

• Projected 2012 Expenditure Budget:	\$9,505,314
• 2% Reduction	\$ 190,106

Account	2012 Projected Expenses	2012 Projected Revenue (lost with elimination of animal control)	Proposed (Reductions)/ Revenue Increases
Patrol	Entry level position @ \$81,065/each		1 or 2 positions?
Animal Control & Downtown Parking Enforcement	Sr. ACO w/25 years \$88,750 ACO \$75,930	Parking enforcement revenue - \$30,500 Pet licenses - \$11,000 Pet adoptions - \$4,000	1 or 2 positions?
Total Budget Reduction/Increase Revenue			\$190,000 (2%)

Chief Compaan explained achieving a full 2% reduction would require elimination of three positions from Patrol and/or Animal Control. The impacts of cuts in patrol are slower response time and elimination of animal control may result in animal control problems, particularly vicious animals. With the elimination of animal control, pet licenses will be totally voluntary and there is a question who would handle pet licenses in the City.

Municipal Court Judge Fair commented some of the reduction in parking enforcement revenue would affect the Municipal Court budget.

Councilmember Buckshnis asked whether consideration had been given to increasing revenue from pet licenses. Chief Compaan responded that was a Council policy decision as the Council sets the license fees. There is a balance between revenue generated by fees and voluntary compliance; if the license fee is too high, residents are less likely to license animals. Councilmember Buckshnis suggested cats could also be licensed.

Councilmember Buckshnis asked about income generated via overtime at the Taste of Edmonds. Chief Compaan answered the revenue realized for that type of event is offset dollar for dollar in expenditures.

Councilmember Wilson asked Chief Compaan for further details regarding the comparison of Edmonds' budgeted officers to population in other cities. Chief Compaan explained there is no magical formula for determining the right number of police officers in a community; it depends on the level of service the community expects from the Police Department, the daytime population versus nighttime population, etc. For example, the Finance Director candidate, currently the Finance Director in Tukwila which has more officers than Edmonds, stated the population of Tukwila is 19,000 but they have a much larger daytime population due to commercial activities. Lynnwood has a similar pattern, as of April 2011 Lynnwood had 80 budgeted police officers for a population less than Edmonds. Mountlake Terrace has more police officers per 1000 residents than Edmonds. For Edmonds to achieve the same ratio as Mountlake Terrace, it would require 58 officers. Edmonds' 55-56 police officers have been a workable number.

Councilmember Wilson referred to discussion regarding hard assets such as streets, parks, buildings and the deficiency in the level of maintenance. One of the ways he measures service is response time to a 911 call, especially during busy times. He relayed a situation when it took 45 minutes for police to respond to a 911 call when his wife walked in on their home being burglarized, an amount of time he found totally unacceptable. He questioned how many officers were needed to ensure that did not happen. Chief Compaan responded last month the City had 44 felony filings; several were due to very prompt response to felony crimes that had just occurred. There is a direct correlation between response time after a crime has occurred or is in the process of occurring; the more delayed the response time, the less chance there is of solving the crime or arresting the suspect shortly after the crime occurs.

Chief Compaan acknowledged there is a balance between the community's desires, the community's ability to pay for the resources, and luck, being at the right place at the right time. Based on his experience in Edmonds for the past 33 years and discussions with other Police Departments in the Puget Sound area, staffing in cities with similar demographics can provide an idea of an appropriate number of officers for Edmonds. The current staffing level, 55 officers, does not provide an abundance of staff. He would like to have a few more officers to provide a cushion for when someone is sick or on vacation. From his standpoint, the worst thing to do is cut staff in the Police Department further; the Police Department is at bare bones now.

Councilmember Wilson asked whether the City's level of service was optimal. Chief Compaan clarified it worked well overall at the present time but the department is light with regard to staffing. He would like to have the 56th officer funded again.

Councilmember Fraley-Monillas inquired about the Woodway police contract. Chief Compaan explained the Finance Committee discussed the contract a few meetings ago. He is meeting with Mayor Cooper, Council President Peterson and Councilmember Petso next week to discuss next steps. The current contract is in force until the end of 2012.

Councilmember Fraley-Monillas inquired about non-commissioned staff. Chief Compaan answered of the 66 staff members, 55 are commissioned police officers and there are 9 full-time support staff that includes 2 animal control officers, a property officer, front office staff and 2 part-time support staff.

Councilmember Fraley-Monillas asked about the history of the Assistant Police Chief position, relaying she was told there used to be one Assistant Police Chief and now there are two. Chief Compaan answered the command structure of the Police Department with a Chief and two Assistant Chiefs or one Assistant Chief and a Captain has not changed in the 33 years he has worked for the Edmonds Police Department. The demands on those three positions are significant. The command structure of the Edmonds Police Department is the thinnest of any Police Department Edmonds' size in Puget Sound.

Councilmember Petso asked how much the ferry system pays for the officers that direct traffic for the ferry. Chief Compaan answered the officers who direct ferry traffic work for a firm that is under contract with the State.

City Clerk's Office

City Clerk Sandy Chase provided the following information:

- Projected 2012 Expenditure Budget: \$580,082
- 2% Reduction \$ 11,600

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Direct Salary Cost (reduce public record staff position to part time)	\$320,946		(\$25,000)
Benefits	\$100,229		(\$ 8,000)
Total Budget Reduction/Increase Revenue			\$33,000 (5.7%)

Ms. Chase explained the impacts of the reduction include:

1. Potential longer responses times to public records requests
2. Delay in completing other responsibilities related to records (i.e. protection of essential records, destruction of records)
3. Potential increase in liability in meeting legal guidelines

Councilmember Fraley-Monillas asked the number of staff in the City Clerk's Office. Ms. Chase answered four.

Councilmember Petso asked if there are regulations with regard to delaying a response to a substantial public records request, recalling the City received an extensive public records request for all her emails, meetings, etc. Ms. Chase answered the response must be reasonable and the City is allowed to extend the response time as long as records continue to be provided. For example, she can provide records in installments.

Councilmember Petso asked whether the City is allowed to prioritize response to public records requests such as responding to a request for a small number of documents before completing a request for a large number of documents. Ms. Chase answered she prioritizes as record requests are received while meeting legal guidelines.

Councilmember Buckshnis inquired about the effort to move records requests online. Ms. Chase answered the website update will include a method for submitting records requests electronically as well as online tracking. That system will not assist with requests for 5,000 emails that require individual

review to determine if they are exempt from disclosure. It will provide efficient tracking to ensure deadlines are met.

Chief Compaan advised in addition to disclosures provided by the City Clerk's Office, the Police Department does approximately 2,300 disclosures annually which requires approximately 1 FTE in records.

Human Resources

Human Resources Director Debi Humann provided the following information:

- Projected 2012 Expenditure Budget: \$287,472
- 2% Reduction \$ 5,750

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Supplies	\$ 2,500		(\$ 500)
Professional Services	\$14,500		(\$2,500)
Advertising	\$10,000		(\$1,000)
Miscellaneous	\$12,230		(\$2,000)
Total Budget Reduction/Increase Revenue			\$6,000 (2.1%)

Ms. Humann pointed out Human Resources is an internal department and reductions affect employees which is different from reductions in other departments that would be visible to the public. She explained the reduction in professional services eliminates citywide flu shots and training and development opportunities funded by Human Resources. The reduction in miscellaneous reduces citywide tuition reimbursement programs from \$7500 to \$5500.

Ms. Humann clarified the projected 2012 expenditures do not reflect LEOFF Medical Insurance Reserve or Firemen's Pension which are mandatory obligations (RCW 41.26).

Councilmember Fraley-Monillas inquired about training and development opportunities funded by Human Resources. Ms. Humann responded the reduction includes approximately \$500 for citywide training and development programs such as training offered in 2011 for managers and supervisors through WCIA on evaluation, discipline and termination. She noted that type of training is critical because it keeps supervisors and managers from doing things inappropriately or incorrectly that can cost the City a great deal in liability.

Councilmember Fraley-Monillas asked what else is funded via miscellaneous. Ms. Humann answered food for the annual holiday event and employee recognition.

Councilmember Wilson observed there is a projected revenue increase of approximately 1.5% and a projected increase in expenditures of 3% which results in the 2% reduction. He referred to the expenditures that Mayor Cooper highlighted that includes \$300,000 for the ECA debt, \$150,000 for pension contributions, and a \$100,000 increase in the FD1 contract, and asked how close the City was to a sustainable budget. He asked which costs are fixed and which are projected increases with variability. Mayor Cooper answered the projected salary increases are included in the projections. Matching projected revenues to expenditures would require cuts of approximately \$600,000-\$700,000.

Mr. Tarte advised the revenue and expenditure graphs for future years include funding of the 511 (equipment replacement) fund which was suspended in 2011. He recalled the Finance Director candidate's indication that Tukwila did not fund that for two years which he acknowledged is not a

practice. The Council could discuss suspending funding of the 511 fund in 2012, recognizing it is a short term solution.

Community Services & Economic Development

Community Services/Economic Development Director Stephen Clifton provided the following information:

- Projected 2012 Expenditure Budget: \$444,382
- 2% Reduction \$ 8,888

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Economic Development	\$121,300		
Communications			(\$1,900)
Travel			(\$ 500)
Advertising			(\$3,000)
Miscellaneous			(\$2,000)
Community Services	\$323,082		
Travel			(\$ 500)
Miscellaneous			(\$1,000)
Total Budget			
Reduction/Increase Revenue			\$8,900 (2.0%)

Councilmember Fraley-Monillas asked how the Economic Development and Community Services Departments were divided. Mr. Clifton answered the annual budget includes a budget for each and expenditures are allocated to the appropriate department.

Councilmember Buckshnis asked how long Mr. Clifton had been doing both jobs. Mr. Clifton answered Community Services since September 2000 and Economic Development since November 2007. She asked whether it would be easier to combine these into one department. Mr. Clifton answered that as well as a new title for the department has been considered because many of the expenditures cross over.

Development Services

Building Official Leonard Yarberry explained Development Services includes planning, building, code enforcement and permitting. He provided the following information:

- Projected 2012 Expenditure Budget: \$1,837,151
- 2% Reduction \$ 36,743

He explained the goal was not to reduce service levels particularly in view of cuts made last year.

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Salaries (keep Development Services position open for six months in 2012)	\$1,192,714		(\$65,000)
Benefits	\$ 406,690		(\$21,450)
Total Budget			
Reduction/Increase Revenue			\$86,450 (4.7%)

Mr. Yarberry reviewed impacts of this action:

1. Limited ability to undertake Council priorities/new initiatives

2. Reduced capabilities for code revisions
3. Status quo permit system, service and fee structure

Councilmember Buckshnis observed the Development Services 2009, 2010 and 2011 budgets included approximately \$173,000 for this position. Mr. Yarberry advised the funds had been budgeted and not used. Councilmember Buckshnis asked whether the Council could authorize not filling the position. Mayor Cooper advised the Council could decline to budget for the FTE in the 2012 budget. He pointed out although the position had not been filled, some of the monies have been spent. Mr. Clifton explained some of the salary savings were spent on the Five Corners and Westgate plans and the Strategic Plan.

Ms. Humann advised three postings have been done to fill the Development Services Director position but the responses have not resulted in an acceptable applicant.

Councilmember Buckshnis questioned whether the position needed to be filled. She expressed her preference for budgeting in the appropriate category rather than transferring from a “salary slush fund.” Mayor Cooper advised the Council approved funding for the Five Corners and Westgate Plans and the Strategic Plan during the budget process using the salary savings. His preliminary budget will have a recommendation regarding funding for this position.

Councilmember Petso inquired about the other unfilled positions. Mayor Cooper listed the vacancies covered by his hiring freeze, advising the positions are included in the 2012 projection:

Development Services Director – 1
 Police Officer – 1
 Permit Coordinator – 1
 Custodian – 1
 Clerk’s Office – 1
 Seasonal Parks – 2

Councilmember Wilson asked whether it would be appropriate to combine Economic Development and Community Services into Development Services. With regard to code revisions, he suggested utilizing the City Attorney’s office.

Public Works

Public Works Director Phil Williams provided the following information:

- Projected 2012 Expenditure Budget: \$3,040,367
- 2% Reduction \$ 60,807

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Salaries & Benefits (leave one one custodial position vacant)	\$1,762,107		(\$61,100)
Professional Services – Engineering	\$5,000		(\$ 5,000)
Minor Equipment – Engineering	\$3,100		(\$ 2,150)
Miscellaneous - Engineering	\$9,600		(\$ 4,320)
Overtime	\$5,000		(\$ 1,673)
Total Budget Reduction/Increase Revenue			\$74,243 (2.44%)

Mr. Williams explained the impact of the loss of a custodian will result in lower janitorial service levels at city buildings, most noticeably at the Frances Anderson Center.

Municipal Court

Judge Doug Fair provided the following information:

- Projected 2012 Expenditure Budget: \$764,985
- 2% Reduction \$ 15,300

Mr. Fair explained salaries and benefits are approximately 84% of his budget, absent staff cuts, the 2% cut must be from the remaining 16% of the court budget. He pointed out the 16% of his budget also funds mandated interpreters as well as court security, leaving only 8% of the court budget for the 2% reduction, thus staff cuts will be required.

Account	2012 Projected Expenses	2012 Projected Revenue	Proposed (Reductions)/ Revenue Increases
Salaries & Benefits	\$640,135		(\$9,729)
Professional Services	\$ 26,000		(\$2,800)
Travel	\$ 2,000		(\$ 500)
Repair & Maintenance	\$ 1,2000		(\$ 700)
Miscellaneous	\$ 1,500		(\$1,000)
Supplies	\$ 7,000		(\$1,000)
Home Monitoring	\$ 350		(\$ 350)
Total Budget Reduction/Increase Revenue			\$16,079 (2.1%)

Judge Fair reviewed impacts to court operations:

1. Staff reductions equivalent to 0.25 FTE
2. Discontinue night court sessions (eliminates security in professional services)
3. Discontinue passport processing with a revenue loss of approximately \$12,000-\$13,000/year. Loss of staff time roughly approximates time spent processing passport applications. Passport applications are not a core judicial function and can be transferred to another City department.
4. If parking enforcement is eliminated, revenue to the court's budget is reduced by \$20,000 - \$30,000

Councilmember Buckshnis asked whether there were ways to increase revenue such as reducing misdemeanor arrests. Judge Fair responded he does not arrest people. He puts them in jail if they have warrants or they incur jail time as a result of a sentence.

COUNCILMEMBER BERNHEIM MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO EXTEND THE MEETING FOR 45 MINUTES. MOTION CARRIED UNANIMOUSLY.

Councilmember Buckshnis asked if there were ways for the court to increase revenue. Judge Fair answered he could increase fines. A typical fine on a misdemeanor offense is \$500. Councilmember Buckshnis asked if some sentences were mandated, noting she has heard some people want to go to jail for a free meal. Judge Fair answered he could impose less jail time; most people currently have the opportunity for jail alternatives such as electronic home monitoring or community service. Some people do not choose those alternatives, some people deserve jail time and jail time is mandated under statute for some crimes.

Councilmember Buckshnis asked whether the court budget accounted for the savings realized by incarcerating prisoners in Okanogan County. Judge Fair answered jail expenditures are in the Police Department budget.

Councilmember Bernheim asked whether passport services could be eliminated. Judge Fair answered they could be eliminated or moved to another department.

Councilmember Bernheim asked if court security was provided for all court sessions. Judge Fair answered no. He explained by law all court sessions are mandated to be open court; even with video court sessions, family members are often in court. He has opted not to have court security on video court days because the risk is low.

Councilmember Bernheim asked if court where family protection orders occur are heard along with traffic and other infractions or is there a separate calendar for family-related and high conflict matters. Judge Fair answered the City grants criminal protection orders, not civil protection orders. Civil protection orders such as an anti-harassment order or domestic violence protection order are issued by South District Court. No-contact orders are issued as part of an arraignment process and he has court security present. If a person wants to lift a no-contact order, those are scheduled on a limited 11:00 calendar that has some other items but is not a general docket.

Councilmember Fraley-Monillas asked how many FTE the court has. Judge Fair answered five clerks, a probation officer, the court administrator and himself (part-time). Councilmember Fraley-Monillas inquired about the reduction of night court. Judge Fair answered he currently offers two night courts for traffic infractions because most people work during the day. By eliminating night court, he eliminates approximately eight hours of court security and some court clerk overtime.

Councilmember Fraley-Monillas asked for examples of professional services. Judge Fair answered professional services is court security which is contracted out to Puget Sound Executive Services who utilizes off-duty Mukilteo Police Officers. There is a separate professional services line for interpreters; interpreters are not included in the reductions because they are mandated.

Councilmember Petso asked whether passport revenue could be increased, recalling it used to be higher. Judge Fair answered more people applied in the past. Councilmember Petso relayed that she was encouraged to apply in Lake Forest Park and asked whether the Edmonds Municipal Court did not have time to provide passport service. Judge Fair agreed there was limited time to provide that service. When one part-time employee was cut from the court's budget approximately two years ago, he limited the hours for passport services. Councilmember Petso inquired about revenue from passports at the peak. Judge Fair answered revenue in 2003 was \$41,000 and \$44,000 in 2004. He noted that was before Lake Forest Park and Lynnwood began offering passport services.

Councilmember Wilson inquired about a 3% cut to salaries versus the proposed reductions. Mayor Cooper responded many of the City's employees are covered by the SEIU bargaining agreement. He was not proposing opening collective bargaining agreements for renegotiation at this time. If a levy does not pass and the economy does not improve so that sales tax revenue increases and property values stabilize, that discussion will need to occur in 2012. The collective bargaining agreements require the City and unions to discuss healthcare in 2012. Councilmember Wilson inquired about non-represented employees. Mayor Cooper advised that may be a discussion the Council wants to have once the compensation study is completed.

Councilmember Wilson observed the presentation did not include the Finance and IT Departments. Mayor Cooper answered Finance, IT and the Mayor's budget were not included nor was Non-Departmental. The Finance Committee will be discussing potential reorganization of Finance and IT. He advised the Mayor's budget is similar to Human Resources; an approximately \$5,000 reduction would be necessary. He was prepared to recommend the Council reduce the Mayor's salary by 2%. With regard to the \$11 million Non-Departmental budget, most of the expenditures are fixed by contract such as \$6.2 million for the FD1 contract, and contracts with WCIA, SNOCOM, SERS, etc. Non-Departmental also

included \$60,000 allocated to the Senior Center which he did not plan to recommend be cut. He plans to propose a \$20,000 cut to a \$60,000 professional services allocation that is typically used to fund small consulting contracts such as Climate Solutions, the survey conducted by Alison Peters, etc.

Mayor Cooper acknowledged one option for 2012 is not funding the vehicle replacement fund which is a \$300,000 expenditure. He invited the Council to describe their priorities.

In light of Rick Steves' generous contribution to the Edmonds Center for the Arts, Councilmember Wilson asked when the City would tell the ECA they needed to be responsible for their own debt. Mayor Cooper commented the ECA had done a good job but agreed the City needs to put accountability measures in place. The City is required to guarantee the bonds as a result of a decision made by the Council a decade ago. Mr. Steves' gift, although admirable, was for operations, not for capital. Although he hoped the ECA would consider it; without accountability measures, the City cannot require the ECA to transfer operating funds to capital to assist with payment of the debt.

Councilmember Petso advised the 2008 bond was guaranteed on projected growth in sales tax revenue that failed to materialize and has actually become a loss in revenue. She agreed the City could not require the ECA to do anything with regard to bond payments; the City guaranteed the bonds. The ECA plans to provide the City their entire operating surplus toward the capital debt this year. It is recognized that is not a sustainable practice because at some point the ECA needs to establish a building maintenance reserve fund. Mayor Cooper pointed out even if the ECA provides the City their entire operating surplus in 2011 toward the capital debt, the City's responsibility for ECA debt in 2012 is projected to be \$250,000 - \$300,000. Mr. Tarte clarified sales tax revenues did not materialize according to projections in 2008.

Councilmember Buckshnis asked whether the ECA bonds can be refinanced. Mr. Tarte answered bond counsel did not include that bond in the list of bonds that could be refinanced.

For Councilmember Buckshnis, Mr. Tarte advised the 2012 budget will be compared to the 2011 estimate.

Councilmember Buckshnis commented the City has historically been 3-5% under budget. She suggested the 2% reduction be absorbed by under-budget expenditures. She asked if an analysis had been done with regard to expenditures that are under budget. Mr. Tarte answered one of the reasons is positions that are budgeted but not filled. Mayor Cooper pointed out departments have been encouraged to under-spend due to the tight budget and in August he instituted a hiring freeze. Another reason for under-expenditures is the length of time it takes to fill a position such as replacing the custodian who retired. The Police Department has had one vacant position this year. The Treatment Plant Manager resigned and the position has been vacant for four months. Conversely, this will be an over-expenditure in the Finance Director position.

Councilmember Buckshnis asked about innovative ideas to generate revenue such as Councilmember Bernheim's idea about a fee for parking at Marina Beach and Brackett's Landing after two free hours. She also suggested demonstrating to the public the services that will be eliminated if a levy is not passed such as not cleaning the streets for a month or turning street lights off for a month.

With regard to the suggestion about a parking fee, Mayor Cooper commented on the outcry at a recent Mukilteo Council meeting in response to the Mayor's proposal to install metered parking at Lighthouse Park.

Councilmember Fraley-Monillas suggested the Council consider whether assets, buildings and land could be sold. Mayor Cooper relayed Mr. Williams, Ms. Hite and he plan to consider whether the City is maximizing revenue from City facilities.

Councilmember Bernheim expressed concern that his parking proposal was not yet on the extended agenda. He hoped it would be on the agenda of next week's Finance Committee or CS/DS Committee agenda. He explained his parking proposal was to retain a period of free parking such as two hours and only require a fee for extended parking. He suggested the under-utilized parking on Admiral Way could be converted to 2-3 hour free parking with a parking fee after the free period. He preferred a parking fee to red light cameras and anticipated a company would be willing to install parking kiosks for a portion of the profits.

Councilmember Bernheim pointed out the presentation did not include cuts to the City Council budget. He suggested cutting the Council's refreshment budget. He also suggested reducing the Council Contingency Fund by \$10,000/year. He suggested reducing the payment of Councilmembers for attending meetings, noting he does not attend the SeaShore Forum because it is related to King County, which saves the City \$50/meeting. He suggested Port meetings were a similar situation. Mayor Cooper advised he will not cut the Council Contingency budget in his preliminary budget; the Council will need to reduce their own budget.

Councilmember Wilson inquired about potential revenue from the Edmonds Way Apartments. He asked whether the property tax revenue from that project was included in the projections. Mayor Cooper stated property taxes on new construction will not be collected until the following year. Mr. Williams advised the City received \$68,000 in Traffic Impact Fees from that project

Councilmember Wilson commented the budget narratives in the past few years have been woefully inadequate. The Haines Wharf project is an example of the cost of doing business that way.

Councilmember Wilson asked if the City charged for leasing the first floor of City Hall. Mayor Cooper answered the Chamber of Commerce pays about \$700 a month for 1200 square feet on the first floor of City Hall and the log cabin. The tenants in the Public Works Building likely do not pay market rate for that space; the question is whether the City wants to charge the tenant, the Arts Foundation, market rate. Some organizations pay the City \$1/year such as the Senior Center, the Boys & Girls Club and Wade James Theater. A daycare pays rent at Meadowdale and organizations pay close to market rate at Frances Anderson Center. Rents at City facilities are not consistent and need to be considered. He advised there have been discussions with Woodway about renting the former Fire Department offices while their City Hall is rebuilt in 2012.

Councilmember Petso highlighted the difference between one-time revenue sources and ongoing revenue sources. For example the sale of an asset is one-time revenue but it should not be used for ongoing expenditures such as salaries and benefits. Similarly, one-time expenditures should not be built into future projections.

Mayor Cooper commented these same issues were being discussed by a group of engaged citizens who are meeting once a week to discuss the 2012 budget.

9. MAYOR'S COMMENTS

Mayor Cooper assured neither the Parks & Recreation Director nor he have proposed eliminating funding for maintenance of the log cabin.

10. COUNCIL COMMENTS

Councilmember Wilson reported a friend is having an ovarian tumor removed today. September is Ovarian Cancer Awareness Month and he urged women to be aware of the symptoms such as unexplained

weight gain and gastrointestinal issues. It is also Prostate Awareness Month and he urged men to have exams when they are 40.

Councilmember Bernheim commented all the Directors do a great job. He echoed Mr. Hertrich's comment that he felt more relaxed now about City government than he has felt since moving to Edmonds.

Councilmember Fraley-Monillas reported the last music in the park was held this week. She thanked the Arts Commission for sponsoring the concerts at City Park.

11. ADJOURN

With no further business, the Council meeting was adjourned at 10:46 p.m.